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USDOE FOR GEORGE PERSON  
DOE FOR AL HEGBERG  
DOE FOR JOANNA SELLEN

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TAGS: ECON IZ  
SUBJECT: TUWAITHA YELLOWCAKE NEGOTIATIONS UPDATE

REF: BAGHDAD 845

Classified By: CETI Ambassador Charles Ries, reasons 1.4 b,d,h

¶1. (C) SUMMARY: The Minister of Science and Technology held a conference call on April 6 at the Embassy to finalize contract negotiations with Cameco, the Canadian buyer of the uranium yellowcake. Negotiations went well, and the contract once finalized and reviewed by the parties may be signed as early as April 11, pending clarification from the USG of delivery plans. END SUMMARY

¶2. (SBU) On Sunday April 6, Iraq Minister of Science and Technology Riad Fahmi held a conference call at the Embassy with the Canadian company CAMECO. Additional participants included Dr. Fadhel Jawad, MOST legal advisor; Deputy Minister of Industry Sami Alarjee; MOST Deputy Minister Fouad Shati; Tayseer Mohammed and Mohammed Mahmood from the Trade Bank of Iraq.

¶3. (C) The Iraq delegation spent about 45 minutes prior to the call organizing their thoughts and discussing their negotiating posture. During the call, Fahmi went through the contract and letter of credit paragraph by paragraph to reach agreement on all terms of the contract. Points of discussion included the question of whether the force majeure clause would affect the sale price (Iraq insisted it should not after delivery, and CAMECO agreed); whether partial payment would be due for partial delivery (this resulted in a question that CAMECO promised to pursue with the USG concerning the mode of delivery, number of shipments, and port of entry); whether USG notice of delivery would serve as confirmation of delivery; placing a time limit for purposes of payment on the independent analysis of the material; and the question of how to deal with any rejected material. The two main points were the questions of delivery and the disposition of rejected material. On the latter point, the resolution was that Iraq agreed disposal would be at its cost, and CAMECO would support efforts to locate a disposal site. Disposal procedures will not hinder or delay payment for the accepted material.

¶4. (C) The discussion ended with the parties stating their intent to have a completed final draft by Wednesday April 9 and an exchange of signed documents by April 11. After the meeting, the Iraq delegation appeared to be in good spirits and optimistic.

¶5. (C) One area of concern remains the question of the mode of delivery. We had understood that delivery would be arranged by air in no more than four separate shipments to Montreal, which precipitated the Iraq demand for partial payments on partial delivery. However, we have now heard

that DOE plans to make one delivery via sea. The parties would benefit from clarification of the delivery details.  
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